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SECRET

29 January 1954

MEMORANDUM FOR: Deputy Director (Plans)

SUBJECT : Proposed Merger Between Physical Security Equipment Agency and the Central Intelligence Agency.

REFERENCE : Memo dtd 15 Dec 53 for DD/P fr C-TSS/O-DD/P, same subject.

1. I am not sufficiently familiar with the Physical Security Equipment Agency and its assets to have an opinion as to whether or not it is operationally desirable to effect a merger of this organization with CIA (TSS).

2. I do not believe that the referenced memorandum establishes a case for such a merger nor do I feel that the conclusion that such a merger "would be reasonably consistent with the present activities of CIA" etc., justifies the action recommended, i.e., "that this Agency signify to the Secretary of Defense its willingness to effect the merger subject to certain assumptions."

3. This study gives no indication of the budgetary and personnel ceiling problems involved. As a matter of principle, I think that we can look toward increasing budgetary and personnel ceiling difficulties and, as you know, it is the Director's desire to reduce personnel ceilings from their present levels. Therefore, I believe that we should be most reluctant to take over additional functions which are not clearly within the CIA charter and for which we do not have a clear operational need, especially when such activities have been eliminated from other agencies for budgetary reasons. In addition, I feel that it would be necessary to clear such a transfer of functions with the Bureau of the Budget.

4. In view of the foregoing, it is my strong conviction that commitments to the Secretary of Defense at this time should be limited to a statement to the effect that we would be willing to undertake a survey in order to make a proper determination. Only after such a survey has been conducted should the decision be made as to what part of the Physical Security Equipment Agency, if any, should be merged with CIA.

A-DD/A:LKW:laq

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L. K. WHITE
Acting Deputy Director
(Administration)

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